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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1905.

Nos. 40 and 217.

ECLIPSE BICYCLE COMPANY, APPELLANT,

vs.

WILLARD M. FARROW.

ADDITIONAL BRIEF FOR APPELLANT.

Also Copies of Opinions of Court of Appeals D. C. in Above Case, Reported in 16 D. C. Appeals, 468, and 18 D. C. Appeals, 101.

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SUPREME COURT OF THE UNITED STATES.

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ECLIPSE BICYCLE COMPANY, APPELLANT,

vs.

WILLARD M. FARROW, APPELLEE.

No. 217.

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vs.

WILLARD M. FARROW, APPELLEE.

ADDITIONAL BRIEF FOR APPELLANT.

STATEMENT OF THE CASE.

On April 20, 1903, the supreme court of the District in special term overruled the defendant's exceptions to the auditor's last report and confirmed that report, "allowing the sum of $17,105.20 against the defendant" (417).

This decree, however, did not require the defendant to pay the amount, nor did it authorize the issuing of execution against the defendant. Defendant's counsel suggested to the

complainant's counsel that some provision of that kind should be added to the decree to make it clearly final, but this suggestion was not followed. On appeal from that decree to the Court of Appeals, knowing that the case would finally reach this court, and fearing that if the point should not be made below it might be made here by the court itself, this matter was brought to the attention of the Court of Appeals. That court, instead of deciding that the decree was either final or merely interlocutory, undertook itself to amend the decree by making it final (434–435). This it did by adding a clause decreeing that the complainant recover the above sum from the defendant, with interest from certain dates (435).

It seemed to counsel for the Eclipse Bicycle Company that if the decree of the supreme court of the District was not final the Court of Appeals was without jurisdiction to entertain an appeal from it for any purpose, and it was thought necessary, in order to make clear the right of appeal to this court, to take a second appeal from the decree which the supreme court of the District issued in pursuance of the mandate of the Court of Appeals. Case No. 40 on the docket is the appeal from the first decree of the Court of Appeals, and case No. 217 is from the decree of the Court of Appeals which confirmed the decree of the supreme court of the District of Columbia entered pursuant to the mandate of the Court of Appeals. Case No. 40 being now before the court, and case No. 217, we understand, being now submitted by both sides on the briefs in No. 40, there would seem to be no occasion for this court to determine whether the first decree of the Court of Appeals was a final decree or not.

With the foregoing additions, the statement of the case made in the original brief for the appellant in this court is here adopted as sufficiently full and accurate for the purposes of this additional brief.

The opinion of the Court of Appeals on the first appeal, which is reported in 16 D. C. Appeals, 468, is not in the record, but a copy of it is appended to this brief.

ADDITIONAL ASSIGNMENTS OF ERROR.

The court erred:

7. In holding that, notwithstanding the limited scope of the interlocutory decree of February 1, 1900 (Rec., 120), the supreme court of the District of Columbia rightfully charged the Eclipse Bicycle Company with royalties on other brakes than those covered by the alleged invention of Farrow, described in his applications Nos. 600,359 and 614,140, and brakes manufactured in accordance with the Morrow patent No. 611,073.

8. In holding that the supreme court of the District of Columbia in special term did not have the power to make the order of October 22, 1900 (216), allowing the Eclipse Bicycle Company to file an amended answer and in reversing said order and directing said supreme court to further proceed in the case without reference thereto (229).

9. In holding that under the contract upon which the suit was brought (Exhibit A, page 4) Farrow was entitled to recover the royalties referred to therein, notwithstanding the fact that the contract provided that the royalties should not be paid if for any reason Farrow failed to procure letters patent for the improvements mentioned in his applications, and notwithstanding, further, that such letters patent were not obtained because as to the principal claims of Farrow's applications it was found that he was not the first inventor.

10. In holding Farrow was entitled to recover the stipulated royalties, notwithstanding the fact that the contract provided that in case of default on the part of the Eclipse Bicycle Company in the payment of royalties for more than sixty days, or in case of its failure to push the sale of the Farrow devices, the title to Farrow's alleged invention should revert to him, and notwithstanding the fact that it further ap-

peared that Farrow was advised that the Eclipse Bicycle Company had refused to further perform the contract in ample time to have allowed him to protect himself from any substantial damage by taking out letters patent on his alleged inventions himself, as provided in the contract between the parties.

ARGUMENT.

THE SEVENTH ASSIGNMENT OF ERROR.

Under the interlocutory decree of February 1, 1900, affirmed by the Court of Appeals, the auditor had no power to charge the Eclipse Bicycle Company for any royalties under the contract in suit, except on the Farrow brakes which it had manufactured and sold and the brakes manufactured in accordance with the Morrow patent No. 611,073.

The interlocutory decree in question (120) is in the following words:

"This cause came on to be heard upon pleadings and evidence, and the same being reargued by counsel, and upon consideration by the court, it is, this 31st day of January, 1900, adjudged, ordered, and decreed that the complainant, Willard M. Farrow, is entitled to receive from the defendant, The Eclipse Bicycle Company, royalties under the terms and in the manner expressed in the contract between the said complainant and the defendant, dated June 5th, 1897, upon all the devices manufactured by said defendant company embodying the inventions mentioned in the applications for letters patent filed in the Patent Office by the complainant respectively on July 24th, 1896, and December 1st, 1896, the serial numbers of said applications being as follows, to wit, 600,359 and 614,140.

"And it is further adjudged, ordered, and decreed that the complainant is entitled to receive from the defendant company royalties upon devices manufactured by said defendant company under letters patent granted to Alexander

P. Morrow, dated the 20th day of September, 1899, being letters patent numbered 611,073, and known as the Morrow brake and coaster for bicycles, upon the same terms [illegible] in the same manner expressed in the aforesaid contract between the complainant, Willard M. Farrow, and the defendant, The Eclipse Bicycle Company, dated June 5th, 1897.

"It is further adjudged, ordered, and decreed that this cause be referred to the auditor to state the account between the parties in accordance with this decree, and that the auditor shall take such testimony as may be necessary to state said account, and said Eclipse Bicycle Company shall discover and produce before said auditor books, papers, and such evidence as may be in its possession that in any way pertains to said account."

In the original bill Farrow, after alleging that he had invented an automatic brake and coaster which was fully described in certain pending applications in the Patent Office, and after setting forth the contract sued on, averred that the defendant, in compliance with the contract, began the manufacture and sale of a large number "of the said brakes," and had advertised the same as "the Farrow automatic brake and coaster." The bill then further charged that to defeat the interest of the complainant, as set forth in the contract, one Morrow, on or about the 15th day of July, 1897, had filed an application in the Patent Office for letters patent on a device which was a mere mechanical equivalent for Farrow's invention; that Morrow had assigned a one-half interest in his alleged invention to the president of the Eclipse Bicycle Company, and that the defendant had begun the manufacture and sale of this second device, designating it as the "Morrow brake and coaster," and had actually manufactured and sold a large number of the last-mentioned devices. The complainant next charged that he had requested from the defendant statements as to the number of the brakes "made and sold by it, but had received no reply;" that the defendant had manufactured and sold a large number of "Farrow automatic brakes and coasters,"

and also "a large number of similar devices substituted therefor" (2–3).

Farrow further averred in his bill that he had no means of discovering the number of *either* of said devices that had been manufactured and sold, and called upon the defendant to disclose the number of *both* of the said devices that it had manufactured and sold.

In his prayers Farrow asked that the Eclipse Bicycle Company might be required to account "for the number of the original '*Farrow*' brakes manufactured and the number sold and for the number manufactured and sold *of the device substituted by the defendant for the same.*"

In his supplemental bill, after setting up the alleged failure of the defendant to take out patents on his invention, Farrow proceeds to say that he believes this to be in furtherance of a scheme on the part of the defendant to evade its obligations to him on the contract "and to substitute for his invention the one now being exploited by the said defendant company, the same being substantially a mere reproduction in a mere altered form of the complainant's said invention and accomplishing the same purpose" (12).

It will thus be seen that the pleadings in this case charge the defendant with manufacturing and selling for a time Farrow's original device, as described in his applications, and further charge that thereafter and down to the time the supplemental bill was filed it had substituted for the Farrow device the brake described in Morrow's application filed on or about the 15th day of July, 1897.

It was nowhere suggested, either in the original or the supplemental bill, that the defendant had manufactured or sold, or intended to manufacture or sell, any other bicycle brake.

The evidence was strictly confined to that charge.

All the depositions in the case were taken on behalf of the complainant.

Mr. Fulton, the president of the Eclipse Bicycle Com-

pany, testified that the defendant had made and sold only 61 of the Farrow brakes (19). Mr. Morrow testified that he is the inventor of a bicycle device known as the Morrow automatic brake and coaster, and had obtained letters patent therefor (22); that that device had been used on Eclipse wheels by the Eclipse Bicycle Company, and that that company had manufactured a few of the devices known as the Farrow device (23). On his further examination the following took place (25):

"Q. When was the invention that you made, which accomplishes about the same thing that the Farrow invention does, first introduced? A. I don't remember when we commenced manufacturing that. It was quite a long while after, though.

"Q. When was it first used—when did you begin to make it and sell it? A. That would be manufacturing; I don't remember that.

"Q. Do you remember if at the time you stopped making the *Farrow device* you began making *the other*, and how long after you stopped making the *Farrow device* did you begin making *the other?* A. There was quite a long interval between the two, but I don't remember how long. * * *

"Q. Can you state briefly the difference between *your device* and *that of Farrow's?* A. The only similarity between the two would be in the rear clutches. Outside of that there is no similarity."

Farrow himself testified as follows (34):

"Q. Have you seen any devices similar to the one that you sold the Eclipse Company on the Eclipse wheels? A. Yes, sir.

"Q. Will you explain, as briefly as you can, the difference between that device and the one that you invented? A. The devices both accomplished the same thing. The device that I sold the Eclipse people, the chain is clutched in a little hood in which is attached a rod that draws the brake and applies it to the rim of the wheel.

"Q. And making the brake? A. Yes, sir; when you reverse the pedals in the *other* device, the spoon is pushed

against the rim of the wheel by the action of the axle between the two pedals.

"Q. And the difference is that it does not clutch the chain? A. Yes, sir."

Skidmore, the patent solicitor who represented the Eclipse Bicycle Company in proceedings before the Patent Office, was required by complainant's counsel to describe the difference between the *Farrow and the Morrow device.* He answered accordingly, showing what he understood to be the difference between the two inventions, particularly describing the *Morrow invention* as one in which "when the rider back-pedals the brake shoe will be applied to the tire of the rear wheel" (41–42).

Curtis, a disinterested witness called by the complainant, and who had used Farrow's device on his own wheel, on his direct examination by complainant's counsel was asked whether he was familiar "with the brake known as the Morrow brake." Having answered that he had seen it, he was asked what was the difference between it and the Farrow brake which he had used, and he replied, "The brake is made to apply to the tire through a loose front sprocket that operates as I understand it very much as the rear one only in the opposite direction, and is pulled directly against the tire without the intervention of the locking with the chain. * * * In mine it did not revolve and in the other he has to back-pedal with it, and it does not run when the brake is locked upon the wheel" (44).

Finally Farrow's counsel put upon the stand as an expert Henry P. Doolittle (45).

In connection with his evidence they offered in evidence Farrow's applications and the proceedings in the Patent Office relating thereto (45–48), and had the witness describe what he considered to be the invention set forth in those applications.

Mr. Doolittle was then asked if he had examined and was familiar with the "back-pedaling brake made and used by

the Eclipse Bicycle Company," and, having answered in the affirmative, *he was then handed a copy of the Morrow patent 611,073, and stated that that was the same as used by the Eclipse Bicycle Company* (52). He was then asked this question: "Will you describe briefly the difference between the Morrow and Farrow forms of brakes?" (52). Having answered this question, he was asked if he had examined at the Patent Office "the contents of the file of the Morrow patent," and whether "he was acquainted with the references, if any, cited against the claims in Morrow's application" (53).

This question having been answered and the witness having referred to the claims in the Morrow patent as "very narrow" and "restricted to small mechanical details" (53), he was further asked, "Have you used and tested the Morrow brake and the Farrow brake in the form the Farrow brake is shown in device A of the second application?" and to this question the witness replied that the devices were the same in operation and practically the same in effectiveness (54).

The only documentary evidence before the court when the interlocutory decree of February 1, 1900, was made were the file-wrappers and contents of the two Farrow applications (60 to 99); the papers relating to the interference proceedings between Phillips, Clark, and Farrow (100 to 108); the Stover and Hance patent (108 to 114), and the Morrow patent, No. 611,073 (115 to 118).

The last-mentioned patent is the one referred to in the sixth paragraph of the bill of complaint (2). It is there said that the application for the Morrow patent was filed "on or about the 15th day of July, 1897." It was in fact filed July 19, 1897 (117). The bill charges that a one-half interest in the Morrow application referred to in the bill was assigned to W. H. Fulton (2). Patent 611,073 (117) is issued to Morrow, "assignor of one-half to H. H. Fulton."

And if there is anything further needed, the identification of the Morrow patent, No. 611,073, with the application

referred to in the sixth paragraph of the bill of complaint is made complete by the testimony of Doolittle, who expressly states that the patent 611,073 is the device made and used by the Eclipse Bicycle Company (52).

It therefore clearly appears that when the case was submitted to the special term on final hearing upon the pleadings and evidence there was not a particle of evidence before the court tending to prove that the Eclipse Bicycle Company had manufactured or sold or intended to manufacture or sell any bicycle brake, except Farrow's tire brake and the tire brake described in Morrow's application No. 611,073.

The decree of February 1, 1900, which was thereupon made, contains three paragraphs. The first paragraph determines the rights of Farrow growing out of the manufacture and sale by the defendant of the brakes which the defendant had manufactured in accordance with his invention.

The second paragraph holds that Farrow was entitled to royalties on the devices manufactured under patent 611,073—Morrow's tire brake.

The third paragraph simply directs the auditor to state an account between the parties in accordance with the two preceding paragraphs.

It is obvious that if the position of Farrow's counsel here can be maintained, it must be solely upon the first paragraph of the order. They rely upon the words "embodying the inventions," found in that paragraph. It is plain, we submit, taking the paragraph as a whole, that the court intended by it merely to decide that the bicycle company must pay Farrow the stipulated royalties on the brakes which it had manufactured in accordance with his invention. It specifically says that it refers only "to the device *manufactured by said defendant company* embodying the inventions," etc. Now, we have seen that the evidence before the court showed that the defendant had manufactured only

two kinds of brakes, one being Farrow's tire brake and the other Morrow's tire brake. The words "embodying the invention" must therefore be held to be merely a designation of the Farrow brakes which it had been proved the defendant had manufactured before it substituted the Morrow tire brake described in patent 611,073.

The second paragraph of the decree was added for the obvious reason that the court held that the Morrow tire brake therein described was a mechanical equivalent for the Farrow tire brake. Any other construction of the decree puts the court in the position of deciding merely that Farrow was entitled to all his contract covered and referring the case to the auditor to determine *what* it covered and in what respect the defendant had violated it. But those were questions which the court had to pass upon and which it decided, leaving it to the auditor to say what was the amount of royalties due under the contract as construed by the court.

There is nothing novel in the suggestion that general words in a decree are to be construed and limited by reference to prior proceedings in the case. In Minnesota Company *vs.* Chamberlain, 3 Wall., 704, this court held that a decree vacating and annulling certain articles of agreement and declaring that they should not be of any force and effect whatever did not affect the binding nature of the articles between two of the defendants in the case, because an inspection of the record showed that all that the court could reasonably have been supposed to intend was that the articles of agreement should be void as to the complainant in the case. Says the court on page 710:

"It is our duty to construe the decree with reference to the issue it was meant to decide. Its words are very broad and very emphatic; but we cannot say that they were intended by the district court to have any greater effect than to avoid and set aside, as against Cleveland [the complainant] the agreement and the judgment impeached by his bill. * * * We cannot ascribe to any court an inten-

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tion, by a decree on such pleadings, to annul such an arrangement as between the parties to it, nor could we approve such action even were the intent clear beyond question."

In the course of the opinion the court clearly recognizes "the standing practice of courts of equity to decree between co-defendants upon proper proofs and pleadings," and the decision is based solely upon the proposition that the general words of the decree must be held to be limited to the specific matter brought before the court by the pleadings.

So, in Barnes *vs.* Chicago, &c., Railway, in 122 U. S., p. 14, it is said:

"Every decree in a suit in equity must be considered in connection with the pleadings, and, if its language is broader than is required, it will be limited by construction, so that its effect shall be such, and such only, as is needed for the purposes of the case that has been made and the issues that have been decided."

Before the auditor the defendant produced and filed an account of all the Farrow brakes manufactured by it, and also of all the brakes which it had manufactured and sold, which were of the kind described in Morrow's patent 611,073. This account, after crediting the defendant with the $2,500 which complainant had received under the contract, showed a balance due of $4,808 (235).

No question arose as to the correctness of this account before the auditor, but Farrow's counsel undertook to prove that the defendant had manufactured another brake, a model of which, called Exhibit E 10, was introduced in evidence before the auditor. This was done in connection with the testimony of George A. E. Young, a witness before the auditor on behalf of the complainant (242). He was examined on June 26, 1901. He testified he had purchased several of the last-mentioned brakes from the Eclipse Bicycle Company, and certain checks were introduced in

evidence tending to show that such purchases were made in August and September, 1899 (244).

When Exhibit E 10 was offered in evidence counsel for the defendant objected on the ground that it was not the brake described in the Farrow application and because it was not within the scope of the reference to the auditor (245–246).

The last depositions taken in the principal case were filed April 15, 1899 (26). The last pleadings in the case were filed November 21, 1898 (13).

The first account filed by the defendant with the auditor showed that the 68 Farrow brakes which it had manufactured were sold between June 30, 1897, and October 19, 1897, and that the Morrow tire brakes, which it had manufactured under Morrow's patent, 611,073, were sold between October 8, 1897, and January 17, 1900. (See stipulation, 423, 424.)

The second account filed with the auditor, which referred to the brakes of the kind illustrated by Exhibit E 10, showed that the first of these brakes was sold on June 22, 1899. (See stipulation.) It thus appeared that the last-mentioned brakes were not only not mentioned in the pleadings or proofs, but that in fact they had not been manufactured and sold until long after the pleadings were closed and after the evidence in the case was concluded.

The auditor held that he had the power to hear testimony as to whether the device represented by Exhibit E 10 was within the terms of the decree referring the case to him, but that in order to require from the defendant an accounting as to that device he must find that it was substantially the same as the devices that were before the court (232, 233).

He found that there was a substantial difference between Exhibit E 10 and the invention covered by the claims of the Farrow application, and thereupon declined to require the defendant to account for the manufacture and sale of those devices (234).

[The consideration of this question involves a comparison

of the several devices in question and an examination into the state of the art when Farrow's applications were filed, for the purpose of ascertaining what was his invention. This branch of the argument has been considered in our original brief prepared by counsel familiar with the branch of the law to which these questions relate.]

In their exception to the auditor's first report, Farrow's counsel set forth as the ground of exception that the bill of complaint and the decree referring the case to the auditor were both such that it was the duty of the auditor "to ascertain *all devices* manufactured by said defendant embodying the inventions mentioned in the applications of Farrow, irrespective of the fact whether the allowed claims of Farrow, as set forth on his application, cover the mechanism of any particular device or not," and *when any of the said devices are covered by the description of back-pedaling brake and coaster devices*, as set forth in the two applications for patents filed by said Farrow, which were the subject-matter of the contract between the parties to this suit, then the complainant is entitled to an accounting for said devices (373–374).

It will be seen that this exception clearly presented to the court the question whether under the order of February 1, 1900, the auditor could require the defendant to account for brakes manufactured and sold as to which there was no averment in the bill of complaint and as to which no evidence was before the court when the order of reference was made, and which as a matter of fact had not been manufactured until after the evidence in the case was closed, and that this contention was based solely on the ground that the words "embodying the invention" in the decree would include *any* device by which a bicyclist could coast and operate a brake by back-pedaling.

We next invite the attention of the court to Mr. Justice Hagner's opinion on the question thus raised. This matter was fully argued before him, and he had simply to construe the order of February 1, 1900. After full argument and

careful consideration the learned justice reached the conclusion that the defendant was required to account to Farrow for brakes made "on the pattern of Mr. Farrow's patent, No. 611,073, with this new device as illustrated by the exhibit of the defendant No. E 10" (375–377); and that the auditor had held that the defendant was required to account to Farrow only for "the machines made under the old patents of Farrow himself" (377).

It will be perceived that the learned justice fell into several errors. He thought that Exhibit E 10 represented a form of device described in 611,073, whereas 611,073 represented Morrow's tire brake and Exhibit E 10 represented a hub brake, the two brakes being as different in every respect as two brakes could well be, and there having been no claim made even that they were the same—Farrow's counsel contending only that both were included in the contract sued on, because, as stated in the exception filed by them (374), they were both "back-pedaling brake and coaster devices."

Finally the learned justice understood the auditor to have refused to require the defendant to account for the brakes made under patent 611,073, whereas the auditor had charged the defendant with 19,164 brakes of that kind (235). The whole number of brakes upon which the auditor charged the defendant with royalties was 19,232. Of this number 68 were Farrow brakes and the remainder were brakes manufactured under patent No. 611,073. Having fallen into this error, the court proceeds to say that "Mr. Farrow was entitled to claim a royalty from this invention of which I have so often spoken, No. 611,073, as shown by Exhibit E 10," entirely overlooking the fact that patent No. 611,073, had nothing to do with Exhibit E 10 (378).

Finally Mr. Justice Hagner said that "the auditor must include in this further report the balance of royalties from every machine made since this contract was entered into *whether the invention of Morrow or otherwise* which is within the mechanical principle involved" (379), and he proceeded

to set forth the form of the decree which he had decided should be made, which directed the auditor to include "an allowance of royalties to be paid to the complainant by the defendant with respect to the devices manufactured by the defendant company, under letters patent granted to Alexander P. Morrow, No. 611,073, and known as the Morrow brake, of which Defendant's Exhibit E 10 is claimed to be the type" thus persisting in the error as to what Exhibit E 10 really was.

The Court of Appeals sustained this proceeding in the supreme court of the District with some hesitation (434). It will be seen that the court said it would have been more regular to have filed a supplemental bill, but holds that because the defendant found out when the case was before the auditor that it was claimed that the device of which Exhibit E 10 is a type was within the terms of its contract with Farrow, and because it took testimony before the auditor on that point "it is not apparent that the interests of justice would be subserved by remanding the cause" to enable a supplemental bill to be filed, and the court proceeds to say that filing a supplemental bill would be "a mere matter of form."

Unless we have misunderstood the proceedings in this case, it has, therefore, been adjudicated by the Court of Appeals that when an equity case has been referred to a master or auditor to inform the court about certain matters which are included within the pleadings of a case it is entirely competent for the auditor to hear and determine questions not involved in the pleadings and not embraced in the order referring the case to him. We do not deem it necessary to more than state this proposition and to refer to another case in this court in which it was held that the Court of Appeals had erroneously made a decree on an alleged state of facts which had not been presented by the pleadings (Warner *vs.* Godfrey, 186 U. S., 365). This error was especially injurious to the appellant, inasmuch as if a supple-

mental bill had been filed the appellant as to it could have set up in its answer the matters which it had been prevented from asserting in the principal case by the ruling of the Court of Appeals that the special term had no power to allow the answer to the original bill to be amended.

ASSIGNMENT OF ERROR NUMBER EIGHT.

As to the error of the court below in holding that the special term of the supreme court of the District of Columbia, sitting in equity, had no power to allow an amendment of the answer and a reopening of the evidence, because the interlocutory order which had been previously made (120) had been affirmed by the Court of Appeals after a special appeal from that interlocutory order had been allowed by the Court of Appeals.

The opinion of the Court of Appeals on the special appeal here referred to is not found in the record, but a copy of it is appended to this brief. The case on that appeal is reported in 18 D. C. App., 101. It will be seen that the Court of Appeals held that the supreme court of the District was without authority to make the order for the reopening of the case because the interlocutory decree had been affirmed on appeal by the Court of Appeals.

The order allowing the amendment of the answer and the reopening of the evidence will be found on page 216 of the record. The motion for leave to amend and the evidence filed in support of the motion occupy pages 123 to 201 of the record.

It must be conceded here, in view of the repeated decisions of this court referred to in the opinion of the Court of Appeals in question, that when a *final* decree has been affirmed by an appellate tribunal and remanded to the inferior court to have such a decree carried into effect it is not competent for the court of original jurisdiction to reopen the case with-

out leave of the superior tribunal, even in a case where it would have had that power if no appeal had been taken. But we find no case in which it has been held that such a rule applies in the case of the affirmance of a mere interlocutory decree. Certainly it would tend very much to discourage applications for allowance of special appeals from interlocutory orders if the party making the application is to be held to thereby deprive himself of the ordinary right to ask for leave to amend or to reopen the case in any form if on the allowance of his special appeal the order complained of should be affirmed by the higher court. It would seem, on general principles, that the fact that a mere interlocutory order has been affirmed by an appellate court should not have the effect of taking away the power which the court below had to allow amendments, notwithstanding such interlocutory order. So far as we are advised, no case has been found by counsel on either side of this case which is directly in point.

For the purposes of the present case, however, it would seem to be unnecessary to fully consider this question. The Court of Appeals of the District has held that the supreme court of the District had the power to go far beyond the interlocutory order made by Mr. Justice Cole referring the case to the auditor, notwithstanding the fact that the order had been affirmed by the Court of Appeals itself. It is practically conceded by the Court of Appeals in its last opinion (434) that there is nothing in that interlocutory order which authorized the auditor to allow royalties on the devices represented by Exhibit E 10. On that subject the court says, as we have seen, that it would have been more regular to have filed a supplemental bill charging the Eclipse Bicycle Company with having manufactured devices of that kind, and, further, averring either that the device was substantially the Farrow invention or that it had been manufactured and sold for the purposes of fraudulently evading its obligation to Farrow under its contract with

him. Now it seems to be manifest that the decree here appealed from must be reversed either because the Court of Appeals erroneously held that the supreme court of the District had no power to go beyond the interlocutory decree made by Mr. Justice Cole or because it erroneously held that it did have such power.

AS TO THE NINTH ASSIGNMENT OF ERROR.

The Eclipse Bicycle Company was relieved from its obligation to pay royalties to Farrow under the seventh paragraph of the contract between the parties, because there was a substantial failure on the part of Farrow to procure letters patent for the alleged inventions which formed the subject-matter of the contract.

The seventh paragraph of the contract in question reads as follows:

"And it is further agreed by and between the parties "hereto, that in case the said Willard M. Farrow, for any "reason fails to procure letters patent of the United States "for the improvements above referred to, the parties of the "second part shall be relieved from the payment of all roy- "alties from and after the date of final adverse action of the "Patent Office on the application or applications for patents "for said improvements" (6).

It would seem from this language that it was contemplated by the parties when the contract was signed that Farrow himself should prosecute his applications; but it is conceded by both parties that immediately after the contract was entered into Farrow revoked the power of attorney to the solicitors who had up to that time been prosecuting the applications, and gave a new power of attorney to the solicitor representing the Eclipse Bicycle Company, in order that that company itself might prosecute them.

The issue between the parties as to what followed is raised by the supplemental bill and the answer thereto (11–14).

The supplemental bill charges that "through the failure of the defendant company to properly prosecute the said claims for letters patent that his (Farrow's) claims will be rejected or his applications allowed to lapse upon points easily obviated" (12).

In its answer the bicycle company avered that, through its attorney, it did "prosecute said claims with due diligence until it became apparent that the claims made by the complainant could not be maintained, except possibly as to some limited and immaterial and valueless claims;" that "it prosecuted through its attorneys said claims diligently and skillfully until such time as it became apparent, after the complainant's claims were involved in interference, that the valuable and substantial claims made by the complainant would be rejected by the Patent Office, and that all of said substantial and valuable claims were in fact rejected by the Patent Office" (13-14).

This answer was under oath, which was not waived by the bill, and under principles well established in this court and elsewhere the answer must be taken as true unless it be clearly overcome by the testimony of two witnesses, or by the testimony of one witness and by circumstances equivalent to the testimony of another (Tobey *vs.* Leonards, 2 Wall., 430; Voorhees *vs.* Bonesteel, 16 Wall., 30; Godden *vs.* Kimmell, 99 U. S., 206; Vigel *vs.* Hoppe, 104 U. S., 441; Morrison *vs.* Durr, 122 U. S., 518; Latta *vs.* Kilbourne, 150 U. S., 541).

The principal witness on this question is Skidmore, the solicitor who, as representing the bicycle company, prosecuted the claims after the contract between the parties had been entered into. He was called as a witness for Farrow, and his testimony will be found on pages 36 to 43 of the record. He testified that he continued to prosecute the application until the record of interference disclosed the fact that Farrow had no chance of success in the litigation; that there were three interferences in which Farrow was involved

in this particular invention; that after the preliminary statements of the parties to the interferences had been filed, as required by the rules and practice of the Patent Office, disclosing the dates of the conception of the invention by the respective parties, he, Skidmore, examined these sworn preliminary statements filed by the parties, *and after consultation with Farrow in his, Skidmore's, office, he was informed by Farrow that Farrow could not go back of certain dates as to reduction to practice;* that he, Skidmore, advised the company to such effect and informed it that there was not the slightest hope of winning out in the contest, and that the company then advised him that that being the case, it did not care to take any testimony (38).

Skidmore also testified as a witness for Farrow that in one of the interferences the record disclosed the fact that *one of the parties filed his application for patent prior to the time Farrow had said in his preliminary statement he had first conceived the invention* (38).

Skidmore further testified as a witness for Farrow that the claims that were finally allowed by the Patent Office were comparatively limited in scope and character; that *both Farrow and Fulton* (the president of the Eclipse Bicycle Company) *dismissed them as being unimportant,* and that, although the application had been prosecuted to an allowance, it had never been considered of importance to have the patent issued (42).

Farrow was examined as a witness in his own behalf prior to the giving of this testimony by Skidmore (28–34).

The only part of his testimony which has any pertinency at all in the matter now under consideration is the following:

"Q. What action, if any, did you take in regard to these "patents after you signed the agreement or gave a power of "attorney to Mr. Skidmore?

"A. I did all that Mr. Skidmore asked me to do and "visited his office and had interviews with him and went

"to foreign places to sign papers—made two or three trips "of that character.

"Q. But you took no steps to prosecute the patents your- "self?

"A. No, sir" (34, 35).

Farrow was not recalled after Skidmore testified, and the latter's testimony above referred to stands uncontradicted.

Indeed, Skidmore's testimony on this subject is confirmed by the testimony of Farrow's witness, Doolittle. He says (50), speaking of one of the interferences, that "it was decided in favor of the party, Little, whose date of application was prior to the dates of conception of the invention in interference by the other parties to the interference." And he says further (57):

"It was apparent from the records of interference, as shown by the dates of the filing of the respective applications, and the preliminary statements of the parties, that Farrow could not reasonably expect to win in this interference," and that "in one of the other interferences, the date of application of an opponent party was prior to the date of reduction to practice by Farrow."

This witness, Doolittle, was not only called by Farrow, but he is interested in having the case decided in Farrow's favor (319).

Two applications for letters patent are described in the contract between Farrow and the bicycle company. One, No. 600,359, was filed July 29, 1896, and the other, 614,140, was filed December 1, 1896. The Patent Office record as to application 600,359 will be found on pages 60 to 80 and the record relating to patent 614,140 will be found on pages 81 to 108 of the record in this case. No. 600,359 is for a hub brake and 614,140 is for a tire brake.

All the testimony shows that the tire brake for which application was last filed was the principal subject-matter of the contract between Farrow and the bicycle company. Farrow himself testified (29) as to these applications "that the

one he put the greatest faith in—the perfected one—the application was in December, and that the most perfect arrangement of a coaster and brake in his invention was not "just complete" at the time the earlier application was filed in July, 1896.

On this subject Skidmore testified as a witness for Farrow that what was supposed to be the invention of Farrow at the time of the negotiations between Farrow and Fulton, the president of the Eclipse Bicycle Company, which resulted in the contract upon which this suit is based, consisted "of a little projecting portion fastened to the frame of a bicycle, and this projecting portion is adapted to be engaged by the driving chain of the bicycle" (40–41).

It will be seen that this is a description of the patent referred to in the application which was filed in December, 1896, the tire-brake invention.

Again, Skidmore testified that the subject-matter of only one of the applications was involved in the interference, but that that application was the invention purchased by the Eclipse Bicycle Company (41), and he says expressly that the application involved in the interference was the one Farrow in his testimony testified was the perfected invention, the application for which he filed in December, 1896 (41).

Now, on examination of pages 95 to 108 of the record, it will be seen that, as testified to by Skidmore, the three interference proceedings mentioned by Skidmore all related to the tire-brake patent, and that it was held as to all the principal claims of Farrow's application for a patent for his alleged tire-brake invention that he was anticipated by the other parties to the interference.

Summing up the situation, then, in this branch of the argument, the case is as follows:

Farrow in his supplemental bill avers that his applications were not properly prosecuted. The answer under oath denies this, thus requiring him to prove his case by at least

two witnesses or by one witness and testimony equivalent to another witness. He produces as his witness on the subject Skidmore, who testifies that the applications were properly and diligently prosecuted until it became known after a consultation with Farrow that as to the principal invention which both parties had in mind when they entered into the contract it would be impossible for Farrow to get a patent, because on his own statement to Skidmore he was anticipated by the other patents in interference.

The Court of Appeals has held that, notwithstanding all this, Farrow was entitled to his royalties under his contract, because some of Farrow's claims were allowed by the Patent Office, and letters patent might have been obtained for some of the details of his invention. But it is submitted that the contract between the parties should not be construed as binding the bicycle company to pay royalties for some part, however unimportant, of the devices described in his applications because a patent or patents might have been allowed therefor. The contract reads "that in case the said Willard M. Farrow for any reason fails to procure letters patent of the United States *for the improvements above referred to*," the company shall be relieved from its obligation to pay royalties from and after final adverse action on the part of the Patent Office. "The improvements above referred to" are those mentioned in the first paragraph of the contract as being described in the two applications which were then pending in the Patent Office. Strictly construed, this would relieve the company from its obligation if Farrow failed to obtain a patent for any part of his applications. But it is submitted that a reasonable and fair reading of the agreement in this respect would hold the company liable to pay royalties if the substantial claims of the applications were allowed, and would relieve it from its obligation if the substantial claims were in any respect found to be unpatentable.

As we have seen, it is conceded by Farrow himself that

"his perfected invention," to use his words, was embraced in the last of the two applications, and the testimony establishes the fact that with Farrow's consent the principal claims of that invention were abandoned because he was clearly anticipated by other inventors. For this reason alone his bill should have been dismissed.

The view of this case taken by the Court of Appeals not only requires the bicycle company to pay royalties on improvements that it does not use, and that Farrow did not invent, but requires it to buy up all patents issued to prior inventors of those improvements, or subject itself to suits by Farrow for his royalties, and suits by those inventors for infringement of the same device. The principles upon which the case has been settled below will compel the bicycle company to continue to do this forever. And it makes no difference under the ruling below whether the devices are such as bicycle riders will use. As to Farrow's hub-brake, it does not appear that one of them was ever applied to a wheel by anybody, except as it may have been done in the progress of this case to show the court what that device is. As that device is not covered by any patent, it is free to the public, if anybody cares to manufacture it. The very fact that under such circumstances it is not used shows that if the bicycle company had undertaken to introduce it, the attempt must have failed, because later and better brakes have come upon the market.

Contracts like this between inventors and manufacturers are quite common, but it is believed that never before has it been held that they impose upon the manufacturer such great responsibilities as the decree now here for revision has placed upon the shoulders of this appellant, or that they give to the inventor of alleged improvements in the mere details of a device the right to compel the manufacturer to account to him not only for the device itself as a whole, but for every other device which accomplishes the same result, no matter by whom invented.

AS TO THE TENTH ASSIGNMENT OF ERROR.

Even if the Eclipse Bicycle Company is held to have violated its contract with Farrow to the full extent claimed by him, he has been amply compensated for all the necessary damage which he sustained by the $2,500 advance payment made to him under the contract.

It is well settled that a party to a contract who claims to have been injured by the violation of the agreement by the other party must do what he reasonably can to lessen the injury resulting to himself from such breach. He cannot remain passive and see damage to himself occurring which he could easily stop (Wickes *vs.* Hoppock, 6 Wall., 99; Warren *vs.* Stoddard, 105 U. S., 224, 230; Baird *vs.* U. S., 131 U. S., Appendix, cix).

In the contract in suit Farrow was very careful to stipulate that if the bicycle company failed in any respect to perform its agreement the title to the pending applications and to the letters patent, if any should be issued, should immediately revert to him. It is specially provided for, not only in the case of default in the payment of royalties by the bicycle company, and upon its failure to satisfactorily push the sale of the device, but even as to foreign patents which were to be assigned to the company when obtained, the company was bound to surrender the same to Farrow, if a sale thereof was not made in two years from the date of the patents.

When examined as a witness in this case, Farrow himself produced and put in evidence a letter, dated February 15, 1898, from the bicycle company (by its president) to him, in which the writer said:

"We have yours of the 14th, and in reply will say that we wished that we never had seen or heard of the Farrow brake; it has cost us thousands of dollars and on top of all

this we cannot get a patent that is worth a pinch of snuff. Not only that, but your application was anticipated by one or two other patents, and the whole thing practically knocked out, and we are out every cent we paid you" (35).

The original bill of complaint in this case was filed on February 25, 1898.

The allowance by the Patent Office of certain of Farrow's claims under his application No. 600,359—the hub brake application—was on the 27th of January, 1898 (80). Under the law the inventor had six months from that date to take out the patent (sec. 4885, R. S. U. S.).

As to Farrow's other application, for a patent for his alleged tire brake invention, if there was anything left of that after the interference proceedings had shown that in all its principal features Farrow was anticipated by other inventors, the application was still pending at the time the bill in this case was filed. Indeed, so far as the record shows, it was never disposed of, except as the decision in the interference cases affected it.

Obviously, therefore, it was entirely within Farrow's power when he filed his bill of complaint in this case, and before, to have asserted his rights as to the owner of both applications under this contract with the bicycle company, by reason of its letter to him of February 15th, 1898, unmistakably announcing that it intended to proceed no further with the applications and to pay no royalties to him.

At law, as well as in equity, the effect of this action on the part of the company, in view of the terms of the contract, specially providing that upon the happening of such an event the title to the applications and the patents should revert to Farrow, was to make him instantly the owner of the applications and the inventions as fully as he was before he entered into the contract with the bicycle company (Jennisons *vs.* Leonard, 21 Wall., 302). It was incumbent upon him, therefore, if he conceived that his applications were worth anything, and he desired to exercise his right as their

owner, to bring the matter to the attention of the Patent Office, and, if necessary, to call upon the bicycle company to execute a reassignment to him of the applications, so that he might demand recognition at the Patent Office.

If he had done this, he could have taken out patents for such parts of his inventions as had been found by the Patent Office not to have been anticipated by others, and could have prevented the bicycle company, or anybody else, from manufacturing or selling the devices for which patents had been so obtained without his consent. The Court of Appeals is in error, we submit, in holding that Farrow was taken out of this field of invention. He was not taken out. He went out, and stayed out, voluntarily. That he has not been the owner of everything he invented during the whole period of the manufacture by the Eclipse Bicycle Company of the Morrow devices which it has been selling is because he preferred not to exercise his right to go on with the applications himself, but chose rather to let them lapse, and then see what he could make out of the bicycle company by charging it with a responsibility which rested upon his own shoulders.

On the whole, it is respectfully submitted that the final decree of the Court of Appeals should be reversed and the case returned to that court with instructions to remand the case to the supreme court of the District and direct that court to dismiss the bill.

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COURT OF APPEALS OF THE DISTRICT OF COLUMBIA.

16th Appeals D. C., 468.

THE ECLIPSE BICYCLE COMPANY, *Appellant*, v. WILLARD M. FARROW. } No. 978.

Decided June 5, 1900.

Appeal by defendant from decree of supreme court of the District of Columbia, in equity, No. 19,095, in suit for an accounting. Affirmed.

Mr. D. S. Mackall and Mr. J. A. Maedel for the appellant.
Mr. Henry M. Earle for the appellee.

Mr. Justice MORRIS delivered the opinion of the court:

Under date of June 5, 1897, the appellant, the Eclipse Bicycle Company, a corporation organized under the laws of the State of New York, and located at Elmira in that State, but having an office and doing business also in this District, entered into a contract in writing with the appellee, Willard M. Farrow, of this city, for the purchase from the latter of certain inventions made by him, consisting of "improvements in bicycles and like vehicles, pertaining to automatic mechanism for coasting and braking," for which the appellee had two several applications for patents then pending in the Patent Office, and for which, as stated in the contract, he intended to file additional applications. By this contract the appellee sold and transferred to the appellant company all his right, title and interest in and to the inventions described and claimed in the applications referred to, and any letters patent that might be issued therefor, and in and to all future improvements thereon; and, in consideration of such sale and transfer, the appellant company agreed to pay to the appellee a certain royalty on each device to be made by it that should embody the invention referred to, to make due returns to him of all its sales at certain specified times,

and to use due diligence in the manufacture and sale of such devices. In the event of the failure of the company to comply with any of these agreements the title to the inventions and to the letters patent expected to be issued therefor was to revert to Farrow. And it was further provided in the contract that, if for any reason Farrow should fail to procure the issue of letters patent for his invention, the company should be relieved from the payment of any royalty therefor from and after the date of the final adverse action of the Patent Office on the application or applications for patents for the said improvements.

There was a contemporaneous oral agreement, in pursuance of which Farrow assigned to the company all his right in the applications then pending in the Patent Office, revoked the authority of the attorney who was then prosecuting them, and appointed the attorney of the company as his attorney to prosecute such applications; and this assignment appears to have been filed in the Patent Office, and to have given the company the exclusive control of the further prosecution of the proceedings in the office.

The company seems to have proceeded without delay to manufacture the appellee's device and to place it on the market; and it was advertised extensively under the designation of "the Farrow automatic brake and coaster." But on July 19, 1897, one Alexander P. Morrow, superintendent of the company at its home office in Elmira, claiming to have invented a different device to effect the same purpose as that for which the Farrow device was intended, filed an application in the Patent Office for letters patent therefor through the attorney of the company; and it would appear that the company almost immediately ceased to manufacture the Farrow device, substituting the Morrow device in place of it, and advertised it in substantially the same terms as it had previously advertised the Farrow device. Morrow assigned a one-half interest in his invention to Fulton, the president of the company. The company failed to make any payments or any returns to Farrow; and the appellee seems to have been unable even to procure any information as to the condition of things from the president or officers of the company.

One of Farrow's applications, after its patentability had been allowed, was placed in interference with the several applications of three other persons; but upon the declaration

of interference and the filing of the preliminary statements, the attorney of the company did not deem it expedient to prosecute the claim of Farrow any further, and it was abandoned. Whether this course was taken with the consent of Farrow, is not quite apparent. At all events, it does not appear definitely that Farrow knew of this action of the attorney, or acquiesced in it. The other application of Farrow was not contested, and after some modification of the claims was allowed by the Patent Office, and authorized to go to an issue. But the company permitted the application to lapse by failure or refusal to pay the fee required upon the issue of a patent; and consequently no patent was ever issued.

In the meantime, although at what precise time does not appear in the record, the company had in some way become the owner of a patent issued in the year 1889 to Stover and Hance; which, although not set up in the record as a defense, is now claimed in argument on behalf of the company to dominate both the device of Farrow and that of Morrow; and it is now claimed, only in the argument, however, that the company is operating, not under either the invention of Farrow or that of Morrow, but under the patent to Stover and Hance.

Upon the continued failure of the company to make any returns to him, or to give him any satisfaction on the subject, Farrow instituted the present proceeding in the supreme court of the District by filing a bill in equity for an account. The proceeding resulted in a decree in his favor, the court holding that he was entitled to royalty from the company for the device manufactured by it under the Morrow patent as well as for those professedly manufactured or intended to be manufactured under the contract between the company and Farrow; and a reference to the auditor was directed for the statement of such an account. From this decree the company has appealed.

The testimony in the case is remarkably indefinite in some of its features; but for this indefiniteness the appellee is scarcely responsible. He was compelled to summon the officers and agents of the company to prove portions of his case; and these were in the main hostile witnesses interested in the defeat of his claim. The testimony of one or two of these witnesses, notably the president of the company, who was the person who executed the contract with the appellee on behalf of the company, is characterized by conspicuous

and studied forgetfulness of many things of interest to the appellee, and some of which certainly could have been recalled without great difficulty. But there is sufficient in the record to justify the conclusion that the conduct of the company in its operations under the Morrow patent and the Morrow invention and in its purchase of the Stover and Hance patent, whatever it may suppose to have been its good faith in the matter, virtually operated as a fraud upon the rights of the appellee under the contract. The execution of this contract is admitted; its requirements are plain; and the failure of the company to comply with those requirements is conclusively shown, and is not sought to be controverted. This is sufficient warrant for a decree for an accounting, unless there is some justification shown for the action of the company. This justification is sought to be shown under an allegation of failure of consideration.

It is claimed on behalf of the appellant company that the appellee was not the first inventor of the inventions or devices which formed the subject-matter of contract between him and the company; that he had no patentable invention; that his device was anticipated or dominated by the patent to Stover and Hance; that the appellant had taken up the Morrow device in good faith as effecting more conveniently the same purpose as that of the appellee, although the Morrow device was equally dominated by the Stover and Hance patent; and that the Morrow was not a mere mechanical equivalent for the Farrow device. And it is claimed that under these circumstances the appellant company was released from its liability to the appellee under the contract.

But this defense is clearly untenable. The sale by the appellee to the appellant company was of all his right, title and interest; and the claims of both of his applications were undoubtedly for patentable inventions. They were so held by the Patent Office; and one of them was allowed without contest, although probably after the modifications not unusual in such matters, to go to an issue; and if a patent was not issued on the application so allowed, it was distinctly on account of the failure or refusal of the company to pay the required fee, and the lapse was without the knowledge or consent of the appellee. The other application was abandoned upon the declaration of interference, apparently also without the knowledge and consent of the appellee; at all events, there is no satisfactory proof that he was con-

sulted in the matter, as he undoubtedly should have been. It is very clear, therefore, that, if the appellee had even one patentable invention, for which he was awarded a patent, there was no total failure of consideration, as claimed; and if there was no total failure of consideration, the appellee beyond question was entitled to the accounting which he sought.

That the adoption of the Morrow device by the company was a fraud upon the appellee's rights under the contract, admits of no reasonable doubt. Even if Morrow conceived that device in good faith, and there was a patentable difference between it and the device of the appellee, as the Patent Office seems to have held by allowing it to go to a patent, yet it does not follow that the company was at liberty to adopt it to the exclusion of the Farrow device and wholly to discard the latter. It had contracted with the appellee with full knowledge of the nature and character of the latter's invention, and with reasonable ground to anticipate, what is usual in all such cases, that other similar, and perhaps even superior devices might be invented and come into use. With that knowledge and with that anticipation, it had deliberately undertaken and bound itself by agreement to manufacture and sell the Farrow device, not in terms, it is true, to the exclusion of all other devices, but, according to the requirements of the contract, "with due diligence" and by "all proper and legitimate enterprise." And having so bound itself to the appellee, and having practically shut out the appellee from that field of invention, it was not thereafter at liberty to relieve itself from liability under the contract by discarding the invention of the appellee and substituting therefor the invention of another person. It cannot be that the vitality of such a contract can be made to depend on the assumption that no other similar device is coming into the market. The company, and not the appellee, took the risk of new inventions that might be superior to that of the contract. No such contract would be inviolable, if one of the contracting parties should be at liberty to withdraw from it, for the reason that during the lifetime of the contract some new device had appeared.

Nor does it make any difference in this regard that the company may have acted in what it claims to have been good faith in the adoption of the Morrow device. We cannot see how there can be good faith in the viola-

tion of a contract on the sole ground that another line of business may be more profitable. But we are not satisfied that the company adopted the Morrow device in the honest belief that it was a better thing than the Farrow device. The proof is that it effected the same precise purpose; and there is no proof, at least no sufficient proof, to show that it was in any way a better or more economical article. The inference from the testimony is strong that it was adopted for the mere purpose of evading the contract with Farrow. The insincerity of the claim of good faith is well illustrated by statement of the attorney of the company given in his deposition taken on its behalf, to the effect that *all* the claims of the Morrow patent, and most of those of the Farrow application, are covered by the patent to Stover and Hance.

Nor does the purchase of this last-mentioned patent by the company seem to have been made in any better faith, so far as the appellee's rights were concerned, than was the adoption of the Morrow device. That purchase may have been, and probably was, a reasonable precaution on the part of the company to fortify its position; but it would be absurd to assume that the company was not aware of its existence at the time at which it entered into the contract with Farrow. It was chargeable with notice of its existence, if it did not actually have it; but we are satisfied from the testimony that it had it. Having such knowledge or being chargeable therewith, it deliberately entered into the contract with Farrow to manufacture and sell the devices of the latter, which, under the contention of the appellant, were at the utmost no more than specific devices subordinate to the generic claims of the Stover and Hance patent; and it guaranteed to defend the Farrow invention against piracy and infringement. It is very clear, therefore, that it could not possess itself lawfully of the Stover and Hance patent in order to defeat the claim of Farrow. In fact, if the contention of the appellant in argument before us is correct, that the Farrow invention is dominated by the Stover and Hance patent, there is reason to infer that, by its contract with Farrow, the company was required to purchase that patent in order to protect the Farrow contract and the Farrow invention.

Only in argument, as we have said, and not in the pleadings, has the appellant company sought to relieve itself from liability to Farrow by reliance on the dominant character

of the Stover and Hance patent. It alleges in argument that it is now operating under the Stover and Hance patent, and not either under the Morrow patent or under the Farrow invention. And yet the proof is that it still advertises what it manufactures and sells as the Morrow device. Owning, as it does, the Stover and Hance patent, the company could have just as easily manufactured the Farrow device under it as that of Morrow, if it had been willing faithfully to execute its contract with the appellee. The necessary inference from all the circumstances of the case is that it adopted the Morrow device simply as a pretext under which to evade its liability under that contract.

It follows that in equity the use by the company of the Morrow device should inure to the benefit of Farrow. And if this conclusion involves the company in a double liability, that is the result of its own tortious actions, and should not be permitted to prejudice the rights of the appellee. This is the conclusion reached by the court below; and in that conclusion we concur.

The point is made in the pleadings, although not greatly insisted on in the argument before us, that the appellee's remedy was at law in an action for a breach of the contract, and not in equity for an accounting. But we find no merit in this suggestion. The remedy at law, it is true, was open to the appellee, but it was plainly inadequate and impracticable. It would have been difficult, if not impossible, to ascertain the proper measure of damages in such a case. But the appellee's case was one proper for a court of equity. The theory of his case is that, in view of the contract between the parties, the Morrow device was a mere mechanical equivalent or commercial substitute for his own device; and that therefore the company was liable to account to him for its use of the Morrow device as though it had been his own. And this theory is fully supported by the testimony. It is shown that the Morrow device effects precisely the same purpose as the Farrow device, and that the substitution of it by the company for the latter was merely an attempt to evade liability. Such substitution cannot be allowed to have the effect of removing the appellant's accountability to the appellee.

It is also objected that the appellee's bill is multifarious, in so far as to an accounting from the company it seeks to add an attempt to have the Morrow device adjudged to be a

mechanical equivalent of that of the appellee. But this objection we think is likewise untenable. It implies a misapprehension of the scope of the allegations of the bill. We do not understand that the bill seeks an adjudication of the rival merits of the two inventions; but that it charges that, in the hands of the company, the Morrow invention was a mere substitute for that of Farrow, and as such intended to defeat and evade the appellee's just claims. In this we find no multifariousness. So far from there being multifariousness in the bill, it is developed by the record that in the substitution of the Morrow device by the company for the Farrow device is found the gist of the appellee's grievance.

We are of opinion that the decree of the supreme court of the District of Columbia in the premises was right and proper, and that it should be affirmed, with costs. The cause, therefore, will be remanded to that court for the further proceedings in that decree directed.

And it is so ordered.

COURT OF APPEALS OF THE DISTRICT OF COLUMBIA.

18 App. D. C., 101.

WILLARD M. FARROW, *Appellant*,
v.
THE ECLIPSE BICYCLE COMPANY.

Mr. Justice MORRIS delivered the opinion of the court:

Two questions are raised by the assignments of error: (1) Whether the adjudication of this court on the former interlocutory appeal is so far conclusive and binding on the lower court as to preclude the reopening of the cause upon any ground or for any cause whatever; (2) Whether, if such adjudication does not preclude the reopening of the cause, the action of the court below was a proper exercise of its discretion in the premises. Of course, if the first of these two questions is to be answered in the affirmative, the second will not require consideration.

We understand it to be conceded, and upon principle and authority it must be conceded, that, after a final decree affirmed on appeal, with a remand of the cause to the lower tribunal for such proceedings as may be necessary or proper to carry such decree into effect, the lower court is without jurisdiction to do anything in the cause except such proceedings as are contemplated in the mandate which remands the cause. The litigation has been *res judicata*, and it is no longer competent for the lower court to reopen it, for the purpose of amendment of the pleadings, introduction of new testimony, or for any other purpose. The authorities are believed to be unanimous on this point. We need only refer to the decisions of the Supreme Court of the United States in regard to it. Stewart *v.* Salmon, 97 U. S. 361; Baker *v.* Humphrey, 103 U. S. 736; Southard *v.* Russell, 16 How. 547; Smale *v.* Mitchell, 143 U. S. 99; *Re* Washington and Georgetown R. R. Co. 140 U. S. 91; Hickman *v.* Fort Scott, 141 U. S. 415.

In the case of Stewart *v.* Salmon, 97 U. S. 361, the Supreme Court of the United States, by Mr. Chief Justice Waite said:

"This is an appeal from a decree entered upon our mandate. No complaint is made as to its form, and it seems to be in all respects according to our directions. The effort of the appellant was to open the case below, and to obtain leave to file new pleadings, introducing new defenses. This he could not do. The rights of the parties in the subject-matter of the suit were finally determined upon the original appeal, and all that remained for the circuit court to do was to enter a decree in accordance with our instructions, and carry it into effect. If, in the progress of the execution of the decree, after its entry, either party is aggrieved, he may appeal from the final decree in that behalf; but such an appeal will bring up for re-examination only the proceedings subsequent to the mandate."

It is likewise settled law, that, when the decree of a lower court has been affirmed on appeal, or when a decree has been entered in the lower court in conformity with the mandate of an appellate tribunal, a bill of review cannot be filed in the lower court without the permission of the appellate tribunal. The application for leave to file is to be made to the appellate court. Purcell *v.* Coleman, 4 Wall. 510; Rubber Co. *v.* Goodyear, 9 Wall. 805; Savings Bank *v.* Taylor, 53 Fed. Rep. 854; Southard *v.* Russell, 16 How. 547; Gaines *v.* Rugg, 148 U. S. 228; *In re* Potts, 166 U. S. 263, 267; Story's Equity Pleading, sec. 408.

But the question here is, how far the rule that a lower court may not reopen a cause after the affirmance of a final decree by an appellate court, or after the entry of a final decree in pursuance of the mandate of an appellate court, is applicable to the matter of interlocutory appeals, such as are authorized under our present law. And this question, as it is a novel one in this jurisdiction and likely to recur at any time, it is important to settle at this time as far as it is possible for us to do so.

The allowance of appeals from interlocutory orders or decrees is not a new thing in the law. It was common enough in the former English chancery practice, in which appeals were frequent from the Lord Chancellor to the House of Lords from interlocutory orders appearing to affect the merits of the cause (Daniell's Chancery Practice, page 1634), and in which the reason given for this exercise of appellate power was "that courts of equity often decide the merits of the case in intermediate orders, and the permit-

ting of an appeal in the early stage of the proceedings frequently saves the expense of further prosecuting the suit." This right of appeal, however, was confined to equity, inasmuch as in the nature of things there could not well be at common law any such absolute determination of right by interlocutory order. In our American Federal practice, and in the judicial practice of most of the States of our Union, in which the subject has generally been regulated by statute, appellate jurisdiction is usually restricted to the review of final judgments and decrees, and the English chancery practice does not usually obtain. As between the general term and the special terms of the supreme court of the District of Columbia, as we all know, there was a power of review by the former of orders made by the latter which "involved the merits" of the action, the indefiniteness of which was the cause of great difficulty and inconvenience. The statute creating this court strove to be more specific; but at the same time it is broader and wider than any previous enactment or any previous practice, since it authorizes the allowance of appeals from any orders whatever, either at common law or in equity, and in criminal as well as civil cases, wherever it seems to this court upon petition filed for the purpose to be in the interest of justice to allow such appeals.

The exercise of this appellate power is not without difficulty. While it should be liberally and freely admitted in order to subserve the beneficent purpose for which the statute was enacted, yet undoubtedly the matter of the allowance of interlocutory appeals should be carefully guarded, so as that it should not have the effect of embarrassing the administration of justice instead of facilitating it. The case before us is a fair illustration of the possibilities of inconvenience that may result from such appeals; for this is the second interlocutory appeal, and it is almost the natural result of the first, and there is probability of at least two further appeals. Now, the multiplication of appeals is not in the interest of justice, and can not subserve any good purpose. And we may add here that, in all cases in which this court is placed in the position of a merely intermediate appellate tribunal, it is greatly to be questioned whether the allowance of interlocutory appeals does not tend to complicate and unduly prolong the litigation.

In the allowance of appeals, where the allowance is in

the discretion of this court, we are bound by the limitation that it must appear to be in the interest of justice that the appeal should be allowed. It must, therefore, determine something, and the determination must have the effect of finality so far as it is possible that there should be finality at such stage of the proceedings. If it were open to the court below to disregard the decision of the appellate tribunal upon such appeal, or to go behind it and reopen the cause, or to treat an interlocutory order affirmed upon appeal or directed to be entered by the appellate court as one of its own orders which it might vacate at its pleasure, this right of appeal would become a mere mockery of justice and would wholly fail to accomplish the purpose for which it was intended by the legislative authority. In appealing to this court parties are to be presumed to have exhausted their remedy in the court below upon the subject-matter of appeal. That, after their defeat upon the appeal, they should be permitted by the court below to go behind the appellate decision and bring forward other defenses which they had all the time but did not choose to present, would be an anomaly in the law.

We must hold that, in the case of interlocutory appeals, equally as in the case of appeals from final judgments and decrees, the decision of the appellate tribunal becomes the law of the cause, final and irrevocable, upon all the questions involved or that might have properly been brought forward in such interlocutory decision, save only that the appellate tribunal itself, upon a proper showing, may revoke or modify its decision, or allow the cause to be reopened; and save, also, that upon final hearing, the court below may not necessarily be bound in all cases by such interlocutory decision of the appellate court. If, for example, an injunction *pendente lite* is allowed by the lower court, and the order for its allowance is affirmed by this court upon appeal, it is not competent for the lower court thereafter during the pendency of the suit to disturb such injunction; but this would not preclude the court, upon final hearing, from dissolving the injunction and dismissing the bill of complaint, for then a new condition may be presented very different from that which appeared when the injunction was granted in the first instance.

But that a cause may be reopened, under proper conditions, at any stage of the proceedings, is familiar law. A

motion for a new trial after verdict at common law is of daily occurrence. When such motion is based upon newly discovered evidence of a substantial character, which with reasonable diligence could not have been procured before, it is almost a matter of course to reopen a cause. It is a provision of our statute that even a final judgment may be vacated at any time for fraud, surprise, or irregularity in its procurement. A bill of review in equity based upon newly discovered evidence is a well-known proceeding. If, therefore, a cause may be reopened upon sufficient grounds even after final judgment or decree, it is certainly proper that, during its pendency and before such final judgment or decree, the power to reopen it, to amend pleadings, to admit new testimony, and in general so to reform the cause as the interests of justice may require, should remain unimpaired. But the same principle that provides that, when a judgment or decree has been affirmed on appeal, or has been entered in pursuance of the mandate of an appellate court, such judgment or decree should not be in any manner interfered with except with the permission of the appellate tribunal, requires also that only by the permission of the appellate tribunal may interlocutory orders so affirmed or entered be thereafter vacated. In both cases alike the judgment, order, or decree sought to be vacated has become the act of the appellate court, and should not be disturbed without the action or permission of the appellate court.

We have searched in vain in the English Chancery Reports for any case in which a different course has been pursued, or where a lower court has attempted to reopen a cause in derogation of the ruling of an appellate tribunal; nor has our attention been directed to any adjudication in this country wherein there has been any different procedure.

From what we have said, it follows necessarily, in our opinion, that the supreme court of the District was without authority to make the order for the reopening of this cause from which the present appeal has been allowed and prosecuted.

But it is suggested in argument on behalf of the appellee, on whose motion the order in question was made, that, upon the showing made, this court may now give leave for the reopening of the cause, and permit or authorize the court below to proceed therewith upon such leave. This would be virtually to sanction what the court has done without au-

thority, and to dispense with the necessity of application to this court in the first instance. But assuming that, for the saving of time and trouble, the suggestion may be taken as the equivalent of a formal application to this court, we are led to a consideration of the sufficiency of the showing made by the appellee.

As already stated, the appellee has applied for the reopening of the cause, and for permission to amend its answer and to introduce new testimony; and two grounds are stated for this application: (1) That there was fraudulent concealment by the appellant Farrow from the appellee of the existence of a patent, known as the Storer and Hance patent, which is assumed to dominate the invention of the appellant, and in fact to preclude him from the merit of being an original inventor; (2) that, until the rendition of the decision of this court on the former appeal, which was the appeal of the defendant now seeking to reopen the cause, the appellee was under a misapprehension as to the nature and character of the suit and of the complainant's claim. In support of its application, the appellee filed in the court below numerous letters and three several affidavits; and these we also may here consider.

We fail to find in the showing made any sufficient evidence or indeed any evidence whatever, of fraudulent concealment by the complainant in the cause. It is stated that the complainant represented himself to be the original inventor of the device purchased from him by the appellee, when in fact he was not such inventor. He represented the same thing to the Patent Office in his application for a patent; and we fail to see that there was anything fraudulent in the representation. All applicants for patents do that, and are required so to do; and it is no evidence of fraud that anticipation of the invention might be developed in the course of the proceedings. There was only an application pending. The record of the present case, and the correspondence now for the first time introduced by the appellee, show quite conclusively that the president of the defendant company, who made the contract with the complainant which is the basis of the suit, was as eager to purchase the device as the complainant was to sell. He was evidently familiar with the patent law, and knew precisely what contingencies might arise and what risks he took, and he took the risks knowingly and deliberately. He took the risk,

which was specifically pointed out, that there might be a declaration of interference with other parties, and that in such interference the complainant, and the defendant as the assignee of the complainant, might be defeated.

But this whole question of the originality of the invention by the complainant, which enters into the consideration for the contract, has already been litigated. It is not new. It is set up in the defendant's answer to the bill of complaint; and we fail to see wherein it acquires any additional force by reiteration in the application for the reopening of the cause.

The main specification of fraudulent concealment, however, is the allegation that, at the time the verbal contract between the parties was entered into which subsequently was embodied in the written agreement on which the litigation is based, the complainant had knowledge of the patent designated as the Stover and Hance patent, already mentioned, and even had a copy of it in his possession, and did not disclose it to the appellee. But an examination of the record shows very conclusively that he did disclose this patent to the attorney of the appellee charged with the making of an examination of the records of the Patent Office preliminary to the execution of the contract, that he delivered his copy of the patent to this attorney, and that the attorney actually examined the patent before the contract was executed; and that the contract was not executed until after full and satisfactory examination. Moreover it is very clearly shown that, soon after the execution of the contract, the attorney of the defendant company sent to its president a copy of the Stover and Hance patent; so that the company had full knowledge of the patent at the time of the institution of the suit and therefore necessarily at the time when it made its answer to the bill of complaint. If there had been any fraudulent concealment of this patent by the appellee, then was the time to set it up. And yet neither in the appellee's answer to the bill of complaint, nor in the introduction of testimony, is there any reliance whatever on this patent, or on its alleged fraudulent concealment by the complainant, as a defense. It is too late to make any such defense now, even if it were well founded.

It is set forth, in the second place, as a reason for the reopening of the case, that, until the decision rendered by this court, the appellee company was under a misapprehension

as to the nature and character of the complainant's claim. But this ground is wholly untenable. We fail to find any foundation whatever for it, either in the facts of the case or in law. It had the bill of complaint before it. It filed a sworn answer. It was represented by two or more attorneys. Its president and its attorney for the procurement of patents were examined as witnesses. The company had the most ample opportunity to understand the case, and we see no reason to doubt that it did understand it.

In this connection there has been some intimation in argument that the opinion of this court on the former appeal went beyond the order appealed from and is broader in its conclusions. We fail to find anything in the opinion which warrants this argument. But, if there be in it anything of that character, it is a well-known rule of construction that the expressions contained in an opinion are to be construed with reference to the subject-matter under consideration. The order of the court below was specific. We expressly affirmed that order, and we remanded the cause for the taking of the account directed by the order. Our mandate did not go beyond that. The cause went back to the court below for the execution of its order affirmed by this court on appeal. The account to be taken is the same account that was directed in the first instance by the court below. There is no ground for misunderstanding in the matter. No more and no less is directed to be done than was directed by the court below in the order of reference made by it to the auditor.

It is our conclusion that the order of the supreme court of the District of October 22, 1900, whereby it allowed the cause to be reopened, the defendant's answer to be amended, and further testimony to be taken, and from which the present appeal has been allowed, was made, without authority of law, and that it should be reversed, with costs; and that the cause should be remanded to that court, with directions to proceed with the audit heretofore directed to be had, and for such other proceedings according to law as may be just and proper.

And it is so ordered.